

1 HOGAN LOVELLS US LLP
2 Clayton C. James (Cal. Bar No. 287800)
3 Helen Y. Trac (Cal. Bar No. 285824)
4 3 Embarcadero Center, Suite 1500
5 San Francisco, California 94111
6 Telephone: (415) 374-2300
7 Facsimile: (415) 374-2499
8 clay.james@hoganlovells.com
9 helen.trac@hoganlovells.com

6 Aaron S. Oakley (*pro hac vice*)
7 aaron.oakley@hoganlovells.com
8 HOGAN LOVELLS US LLP
9 1601 Wewatta Street, Suite 900
10 Denver, Colorado 80202
11 Telephone: (303) 899-7300
12 Facsimile: (303) 899-7333

10 Attorneys for Defendant
11 APPLE INC.

12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA
14 SAN FRANCISCO DIVISION
15

16 STRAIGHT PATH IP GROUP, INC.,

17 Plaintiff,

18 v.

19 APPLE INC.,

20 Defendant.

Case No. 3:16-cv-03582-WHA

**DEFENDANT APPLE INC.'S REPLY IN
SUPPORT OF MOTION FOR
ATTORNEYS' FEES**

Date: June 20, 2019
Time: 8:00 a.m.
Courtroom: 12, 19th Floor
Judge: Hon. William H. Alsup

21
22
23
24
25
26
27
28
DEFENDANT APPLE INC.'S REPLY ISO
MOTION FOR ATTORNEYS' FEES
3:16-CV-03582-WHA

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. ARGUMENT	2
A. Straight Path did not disclose its actual infringement theory until summary judgment.....	4
B. Straight Path’s “Track or Check” theory of infringement was objectively unreasonable.....	5
C. Straight Path’s “Retroactively Accurate” interpretation was not supported by any record evidence or by the disclosures in the asserted patents.	7
D. Straight Path introduces a new multi-phase theory to defend against claims that it improperly asserted new infringement theories	9
E. Straight Path’s inability to defend the ’208 patent before the PTAB is strong evidence that the patent was facially invalid.....	9
F. Straight Path’s positions on certain issues that were not adjudicated were objectively unreasonable in light of facts not in dispute.....	10
1. Contrary to Straight Path’s interrogatory answers, many licensed products were not marked	11
2. The 2007 and 2012 Letters did not provide pre-suit notice of infringement	12
G. This Court has discretion to award attorneys’ fees in proceedings related to the 2016 action	13
III. CONCLUSION	14

TABLE OF AUTHORITIES

Page(s)

Cases

<i>Adobe Sys. Inc. v. Wowza Media Sys.,</i> No. 11-CV-02243, 2014 WL 709865 (N.D. Cal. Feb. 23, 2014)	1, 4
<i>Advanced Magnetic Closures, Inc. v. Rome Fastener Corp.,</i> 607 F.3d 817 (Fed. Cir. 2010).....	3
<i>Advantacare Health Partners v. Access IV,</i> No. C 03-04496, 2004 WL 1837997 (N.D. Cal. Aug. 17, 2004).....	14
<i>Cent. Soya Co. v. Geo. A. Hormel & Co.,</i> 723 F.2d 1573 (Fed. Cir. 1983).....	13
<i>Deep Sky Software, Inc. v. Sw. Airlines Co.,</i> No. 10-CV-1234, 2015 WL 10844231 (S.D. Cal. Aug. 19, 2015)	13
<i>IA Labs CA, LLC v. Nintendo Co.,</i> No. CV10-833, 2012 WL 1565296 (D. Md. May 1, 2012), aff'd, 515 F. App'x 892 (Fed. Cir. 2013)	13
<i>KlausTech, Inc. v. Google LLC,</i> No. 10CV05899, 2018 WL 5109383 (N.D. Cal. Sept. 14, 2018)	1, 4
<i>Manion v. Am. Airlines, Inc.,</i> 395 F.3d 428 (D.C. Cir. 2004)	14
<i>Munchkin, Inc. v. Luv N' Care, Ltd.,</i> No. CV 13-06787, 2018 WL 7504404 (C.D. Cal. Dec. 27, 2018)	13
<i>Octane Fitness, LLC v. ICON Health & Fitness, Inc.,</i> 572 U.S. 545 (2014).....	3
<i>United States v. Collorafi,</i> 876 F.2d 303 (2d Cir. 1989).....	3

1 **I. INTRODUCTION**

2 Straight Path argues that this litigation was not “exceptional” for purposes of an award of
3 attorney’s fees under 35 U.S.C. § 285 or litigated in bad faith under 28 U.S.C. 1927. Two years
4 of documented litigation history prove otherwise. Straight Path’s antics on the core claim
5 construction and infringement issues in the case—reversing itself repeatedly on whether its own
6 proposed construction was exceedingly narrow or breathtaking wide—was well documented in
7 this Court’s Order granting summary judgment of non-infringement to Apple and Cisco. Dkt.
8 155. Straight Path now spends the better part of 25 pages laying out, long after the fact, its
9 alleged “understanding” of what its own proposed construction meant. Yet, as with its brief
10 opposing summary judgment, its opposition to paying Apple’s fees consists largely of page after
11 page of attorney argument untethered to anything in the actual record.

12 The Patent Local Rules require early and robust disclosure of a patent plaintiff’s
13 infringement theories. *Adobe Sys. Inc. v. Wowza Media Sys.*, No. 11-CV-02243, 2014 WL
14 709865, at *14 (N.D. Cal. Feb. 23, 2014)(holding that the local rules “require the patentee to
15 describe **with specificity** where each limitation of each asserted claim is found” and that
16 “ambiguity must be construed against [the patentee] in light of the purpose of the patent local
17 rules, which is to establish the universe of infringement theories that will be litigated in any given
18 case.” (emphasis added)); *KlausTech, Inc. v. Google LLC*, No. 10CV05899, 2018 WL 5109383,
19 at *6 (N.D. Cal. Sept. 14, 2018) (“[T]he patent local rules [] place the burden on the patentee to
20 make **explicit disclosures** regarding all infringement theories.” (emphasis added)). Yet, Straight
21 Path’s opposition does not point to a single document or a bit of testimony in which it actually
22 disclosed its “real” infringement theory and, instead, suggests Apple should have somehow just
23 figured it out on its own.

24 Straight Path asserted the patents at issue in an original Complaint in 2014, a second
25 Complaint in a new action in 2016, an Amended Complaint in 2016 and a Second Amended
26 Complaint in 2017. It also served two sets of infringement contentions. Yet, none of those
27 documents disclose Straight Path’s “track or check” interpretation of the “is connected”
28 limitation. And, Straight Path’s attempts to argue the merits of a theory it never disclosed did not

1 end with summary judgment or even appeal. Straight Path now articulates yet another spin on the
2 “is connected” claim construction, in which there is a “multi-stage” determination that allegedly
3 satisfies the “is connected” limitation as long as it turns out to be “retroactively accurate.”

4 In short, Straight Path reversed itself on claim construction arguments, advocating for a
5 critical “timing element” to preserve validity and then later reading it out of the construction
6 entirely to allege infringement. Its real infringement theory was facially inconsistent with its
7 prior validity arguments to multiple courts, and its explanations for the bait and switch drew
8 incredulous responses from the judges at the Federal Circuit. Further, Straight Path took four
9 different and contradictory positions on Apple’s alleged infringement of the ‘208 patent—one of
10 which its expert admits was supplied by the attorneys—and then essentially defaulted when
11 Apple sought to invalidate that patent in an ex parte reexamination. Straight Path does not deny
12 this. On damages, Straight Path’s lawyers claimed that it and its licensees marked products
13 consistently, but its predecessor’s attorney provided a document at her deposition showing they
14 didn’t. Straight Path claimed Apple had pre-suit notice of infringement, but its CEO and Rule
15 30(b)(6) witness disagreed. Yet, its lawyers and expert ignored their own client’s testimony,
16 continuing to claim millions in pre-suit damages. Straight Path does not mention its CEO’s
17 testimony anywhere in its opposition, because that testimony is both damning and unrefuted.

18 Straight Path does not and cannot cite a single case with comparable patent plaintiff
19 behavior that a court has found to be “unexceptional” for purposes of a fee application. There was
20 nothing normal about how Straight Path chose to litigate this case. Worse, even after this Court
21 and the Federal Circuit rejected Straight Path’s belated “track or confirm” theory, Straight Path is
22 still claiming that it is not at fault but, rather, this Court and Apple are the ones muddying the
23 construction by “adding limitations.” Opp. at 3. On these facts, awarding Apple its full fees and
24 costs is both reasonable and merited.

25 **II. ARGUMENT**

26 Straight Path overstates Apple’s burden in requesting its attorney’s fees and costs. Under
27 §285, “An ‘exceptional’ case is simply one that stands out from others with respect to the
28 substantive strength of a party’s litigating position (considering both the governing law and the

1 facts of the case) or the unreasonable manner in which the case was litigated.” *Octane Fitness,*
2 *LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014). Straight Path also overstates
3 Apple’s burden in demonstrating Straight Path’s bad faith, as precedent in analogous areas has
4 long held that subjective bad faith can be proved through circumstantial evidence. *See, e.g.,*
5 *Advanced Magnetic Closures, Inc. v. Rome Fastener Corp.*, 607 F.3d 817, 829 (Fed. Cir. 2010)
6 (“[A] party can prove intent to deceive the PTO based on direct evidence or on circumstantial
7 evidence.”); *United States v. Collorafi*, 876 F.2d 303, 305 (2d Cir. 1989) (“Since bad faith and
8 evil intent involve intangible mental processes, proof of willfulness usually must be accomplished
9 by means of circumstantial evidence.”). Straight Path’s objectively unreasonable positions,
10 conscious failure to follow the Patent Local Rules, and its overall conduct in this case provide a
11 more than adequate basis to infer subjective bad faith.

12 Straight Path argues that the 2016 action could not have been unusually weak or brought
13 in bad faith because it was filed after the validity of the patents had been confirmed in *IPR*
14 proceedings. Opp. at 2-3. That might be true if (a) Straight Path had stuck to the arguments it
15 made during the IPR proceedings, and (b) if the Court had ruled against Straight Path on validity.
16 But that is not what happened. Straight Path reversed the arguments it made before PTAB and the
17 Federal Circuit, and the Court then ruled against Straight Path’s exceptionally weak and untimely
18 substitute infringement theory. During the PTAB and Federal Circuit proceedings, Straight Path
19 argued for a claim construction of the “is connected” term that rendered its “track or check”
20 theory not just exceptionally weak, but exceptionally frivolous. Because revealing this theory at
21 the outset of the case would have exposed its now breathtakingly broad “track or check”
22 infringement theory to an early and decisive invalidity attack, Straight Path simply played hide
23 the ball, ignoring its obligations under the Local Rules.¹

24
25
26 ¹ There should be little doubt that had Straight Path fully disclosed a theory in which a caller
27 confirms her phone is on-line by answering a call, it would have resulted in an early resolution to
28 this case. The Court observed at summary judgment that the theory that Straight Path now calls
“track or check” resulted in a concept that was patently obvious. Dkt. 155 at 14 (“[T]his
expansion to Straight Path’s infringement theory rests on a premise so patently obvious it cannot
possibly be the key to any claimed invention[.]”)

1 **A. Straight Path did not disclose its actual infringement theory until summary**
2 **judgment.**

3 Patent L.R. 3.1 requires early and complete disclosure of a patent plaintiff's infringement
4 theories and, once made, those disclosures are binding. *See e.g. Adobe Sys. Inc. v. Wowza Media*
5 *Sys.*, No. 11-CV-02243-JST, 2014 WL 709865, at *13 (N.D. Cal. Feb. 23, 2014) ("Once served,
6 the infringement contentions constitute the universe of infringement theories. The contentions
7 may be amended only by order of the court and upon a showing of good cause."); *KlausTech, Inc.*
8 *v. Google LLC*, No. 10CV05899, 2018 WL 5109383, at *4 (N.D. Cal. Sept. 14, 2018) ("Implicit
9 disclosures are contrary to the purpose of the local patent rules, which require parties to disclose
10 the basis for their contentions in order to make them explicit and streamline patent litigation."
11 (quotations omitted)). In its opposition, Straight Path provides several pages of attorney
12 argument regarding what it allegedly "understood" the implications of its "is connected"
13 construction to be and how Apple might be alleged to infringe under Straight Path's "track or
14 check," or what it now describes as its "retroactively accurate," theory. The challenge for Straight
15 Path in opposing Apple's motion is that it does not even attempt to argue that this theory was
16 expressly disclosed in any of its pleadings or in its infringement contentions.

17 Straight Path suggests that it disclosed some portion of its theory in an attachment to its
18 Second Amended Complaint. Opp. at 14-15. The problem is, the disclosures in that attachment
19 do not say what Straight Path suggests and do not come remotely close to disclosing a theory in
20 which the timing of the on-line status determination is irrelevant and in which a caller confirms
21 its own on-line status by answering a ringing phone. In fact, in context, Straight Path's
22 attachment plainly was designed to lead Apple to believe Straight Path was still asserting a theory
23 in which timing and accurate tracking were critical. The attachment does have the following
24 vague statement: "If the user is not available, querying FaceTime client will learn that the user is
25 unavailable." Dkt. 84-10 (Ex. J to Second Amended Complaint). But, this says nothing about how
26 any determination of "unavailability" is made or whether the unavailability reflects off-line status or
27 some other factor, e.g. the user was away from the phone and didn't hear the call. Moreover, that
28 statement is followed immediately by the following: "The phrase 'is connected to the computer

1 network' has been construed by the Federal Circuit to mean 'is connected to the computer
2 network at the time that the query is transmitted to the server.' On information and belief, Apple's
3 systems only track the IP addresses of devices currently on-line." *Id.* That statement emphasizes
4 both timing and accurate tracking, nothing in the attachment even hints at a theory in which an
5 assumption or guess that turns out to be "retroactively correct" can substitute for an accurate
6 determination of on-line status made at the precise time the query is sent to a server. To the
7 contrary, in context it says the opposite. Straight Path does not point to any pleading or
8 disclosure in which it articulated its "track or check" or "retroactively correct determination"
9 theories. And, while it points to certain statements by *Apple's* expert, Dr. Astrachan, that it
10 suggests are not inconsistent with Straight Path's theory, it does not claim that its own expert ever
11 disclosed such a theory or that the theory was disclosed to or in any way adopted by Dr.
12 Astrachan.

13
14 **B. Straight Path's "Track or Check" theory of infringement was objectively unreasonable**

15 Straight Path has argued twice—once on summary judgment and then to the Federal
16 Circuit—that its "track or check" infringement theory was unsuccessful only because Apple (and
17 this Court) imported "additional restrictions" into the agreed claim construction. Opp. at 6 ("No
18 language in the construction restricted the mechanism or process by which the server must make
19 the determination of connection status. For example, the construction does not require that the
20 determination must be made by means of a connection server contacting an always-accurate
21 database."). It made this same "additional restrictions" argument on appeal. *See* Ex. 28 (Opening
22 Br. in *Straight Path IP Grp., LLC. v. Apple Inc.*, Appeal Nos. 2018-1491, 2018-1492, Dkt. 40) at
23 14 ("The District Court also failed to acknowledge that this Court, after having actually heard the
24 same statements the District Court relied on, held that the plain meaning of the claim term applied
25 and did not impose the District Court's **additional limitations**."); at 15 ("In granting summary
26 judgment, the District Court suggested it was applying this Court's construction, but instead
27 **imported limitations** that were not part of this Court's construction."); 24 ("In reality, however,
28 the District Court relied on isolated excerpts of oral argument statements to impose **additional**

1 *limitations* this Court never imposed.”).

2 Straight Path’s “additional restrictions” argument not only does not excuse its conduct, it
3 is emblematic of Straight Path’s bad faith. Apple and this Court’s attention have always been
4 focused on the “timing” element of the construction, because Straight Path had argued it was
5 critical to patentability. Indeed, this precise timing requirement was baked into the literal
6 language of the construction for “is connected,” *i.e.*, “is connected to the computer network **at the**
7 **time** that the query is transmitted to the server,” at Straight Path’s insistence. Yet, on summary
8 judgment and on appeal Straight Path pretended it did not exist. One of the Federal Circuit panel
9 called Straight Path out on this reversal during oral argument: “**Time was the underpinning** for
10 the claim construction.” Ex. 9 (Tr. of Oral Argument in *Straight Path IP Grp., LLC. v. Apple*
11 *Inc.*, Appeal Nos. 2018-1491, 2018-1492 (Fed. Cir. Jan. 11, 2019)) (“*Apple* Oral Argument
12 Transcript”) at 12 (emphasis added). In affirming this Court’s decision, the Federal Circuit
13 implicitly rejected the “additional restrictions” argument. Yet, Straight Path continues not only to
14 argue that the Court got it wrong, but that *Apple* was at fault for not seeking to “clarify” what
15 Straight Path’s preferred construction meant – after Straight Path spent two years telling the
16 Federal Circuit and the PTAB exactly what it meant: “But Apple never sought to have the
17 construction clarified to include the additional restrictions it argued for on summary judgment.”
18 Opp. at 3.

19 Straight Path’s previously undisclosed “track or check” interpretation of the “is
20 connected” construction is facially inconsistent with the arguments it made to preserve validity,
21 and its arguments against Apple’s request for fees serve mainly to emphasize that its summary
22 judgment theory was never reasonable. Straight Path concedes that though the process might
23 appear instantaneous to a human user, the series of messages that result in a FaceTime connection
24 occur sequentially. Opp. at 9 (“All of these messages and the point-to-point communication set
25 up take place instantaneously from the user perspective, but they happen in a precise sequence.”);
26 *see also id.* at 7 (“Apple’s system implements a series of messages before providing a first device
27 with the information needed to begin establishing a point-to-point communication.”). By virtue
28 of the “precise sequence,” the Accept Request necessarily occurs after the Invite Push, which in

1 turn occurs after the Invite Request (*i.e.*, the query). In short, the server determines that the callee
2 device is online when it receives the Accept Request – not at the time the Invite Request query is
3 transmitted by the caller device. That sequences is facially irreconcilable with the construction
4 that Straight Path advocated for and won.

5
6 **C. Straight Path’s “Retroactively Accurate” interpretation was not supported by
any record evidence or by the disclosures in the asserted patents.**

7 Straight Path now says that a determination that happens at the very end of the connection
8 process can “confirm” an initial attempt to connect that reflected no determination at all regarding
9 current connectivity but which, by virtue of the callee answering the phone, turns out to be
10 “retroactively correct.” Opp. at 6-7. But, that simply is not what Straight Path argued to preserve
11 validity. Instead, in *Sipnet* Straight Path insisted that there was a precise sequence and that the
12 “binary decision” had to happen at the beginning, not the end: “That binary decision has to be
13 made by the server then because it takes — the connection server under the patent is required to
14 do a different thing based upon its decision and determination.” Ex. 7 at 6:23-7:1 (Tr. of Oral
15 Argument in *Straight Path IP Grp., Inc. v. Sipnet EU S.R.O.*, Appeal No. 15-1212 (Fed. Cir. Sept.
16 9, 2015). Straight Path’s “retroactively accurate” theory depends on removing this timing element
17 it once argued was critical to patentability, such that the determination of on-line status need not
18 occur “at the time that the query is transmitted to the server.” Instead, Straight Path argues in a
19 new spin on its summary judgment argument, the determination does not have to be made
20 accurately *at* the time of the query as long as a determination is eventually made that turns out to
21 reflect what the callee’s status was *as of* the time of the query:

22 The construction did not specify how that determination must be
23 made. Straight Path understood this to be akin to a question like: “Is
24 the temperature 75 degrees now?” when transmitted at 4:00 p.m. . .
25 The fact that the response might be determined at 4:01 p.m. by
26 looking at the information that was current at 4:00 p.m. (the
relevant time of the query) would not change the fact that the
response matched the query by providing accurate information for
the time of the query.

27 Opp. at 6.

28 One of the many problems with this new articulation of Straight Path’s post hoc

1 explanation of its “understanding” is that, like its arguments on summary judgment, it is not
2 supported by any evidence in the record, and it reads both timing and accuracy right out of the
3 construction even though Straight Path argued both were critical. Straight Path now contends that
4 if the callee device receives the Invite Request message, it must necessarily have been online at
5 the time of the Invite Push message, because it has been continuously connected since the callee
6 device’s last registration. *See* Opp. at 10 (“[B]ased on the server receiving [the Accept Request]
7 message, the server has determined that the callee device is on line at that time (and was
8 necessarily on line since its last registration with the server, including at the precise time of the
9 query)).”). But, Straight Path doesn’t point to any infringement contention disclosure of that
10 theory, or even to any expert opinion supporting it. In fact, the actual evidence in the case was to
11 the contrary and showed that Apple’s presence tables contain stale information and inaccurate
12 information – *i.e.*, indicate devices are online when they are actually off-line. In other words, a
13 callee device may register with the server and drop off line before an Invite Request is sent.
14 Moreover, as Dr. Astrachan testified, a callee that is off-line at the time of the Invite Request
15 query may then come on-line in time to receive the Invite Push message. *See* Ledahl Decl. Ex. C
16 [Dkt. 221-4] at 92:2-22.

17 When Straight Path previewed this argument at the Federal Circuit, it was accorded the
18 same treatment this Court gave it on summary judgment. Straight Path argued:

19 MR. FENSTER: [T]he temporal requirement is determining that the
20 callee was online at the time of the query. . . . It’s not requiring
21 when that determination is made or how that determination is made.
22 . . .

22 THE COURT: You’re saying it’s okay if it’s a retroactive
23 determination, or the determination that occurs later so long as it’s
24 retroactively accurate?

24 MR. FENSTER: As long as it’s retroactively determining the right
25 thing. . .

25 *Apple* Oral Argument Transcript at 12-13. A judge on the panel responded:

26 THE COURT: Well, how does the comport with . . . you know,
27 among other things we said in our *Sipnet*, the present tense is -- and
28 is connected the computer network ***plainly says that the query
transmitted to the server seeks to determine whether the second
unit is connected at that time, i.e. connected at the time the query***

1 *is se[n]t*. . . . I mean, the question answers -- is supposed to be
2 answered at the time.

3 *Id.* at 13 (emphasis added). Straight Path had no coherent response.

4 Worse, Straight Path's bad faith is evident in the fact that it could never explain to the
5 Federal Circuit panel how its new "check with the callee" theory was actually covered by its
6 patents. *See Apple Oral Argument Transcript* at 16-17 ("THE COURT: ***Because I read your***
7 ***specification, and I see where, you know, you've got that database environment*** and
8 embodiment that's disclosed, ***but I don't see a whole lot else*** about this claimed invention in the
9 specification. . . . MR. FENSTER: ***I don't think that specifically disclosed here.***"). Indeed, when
10 further pressed, Straight Path could only point to an *unasserted* email embodiment that no one
11 was accused of infringing. *Id.*

12 In short, after years of litigation, Straight Path could not answer the most fundamental
13 questions as to how its "track or check" or "retroactively accurate" interpretations were consistent
14 with its prior arguments or even disclosed in the patents.

15 **D. Straight Path introduces a new multi-phase theory to defend against claims**
16 **that it improperly asserted new infringement theories**

17 In its opposition, Straight Path also introduces a "multi-phase" infringement theory, which
18 classifies certain messages that are part of the FaceTime connection process as either part of a
19 postulated "Phase 1" or part of a postulated "Phase 2." *Opp.* at 4-5. Straight Path discusses these
20 phases for more than two pages, without a single cite to the record. That is because at no prior
21 point has Straight Path used the terms "Phase 1" or "Phase 2" to describe FaceTime's signaling
22 process, nor are such phases included in any claim construction, or described in a single line in
23 the patents, or disclosed in its infringement contentions, or discussed in any expert testimony.
24 Straight Path's attorneys are, even after summary judgment and an unsuccessful appeal, simply
25 making up infringement theories as they go along.

26 **E. Straight Path's inability to defend the '208 patent before the PTAB is strong**
27 **evidence that the patent was facially invalid**

28 Straight Path contends that fees should not be awarded on the '208 patent because Apple
relies "entirely on proceedings that occurred in other fora." *Opp.* at 21. Not so. Straight Path's

1 decision not to defend the '208 patent's validity in the *ex parte* reexamination proceedings, after
2 the Examiner preliminarily rejected the claims on six independent grounds, evidences that the
3 '208 patent was so flimsy as to render Straight Path's district court assertions facially
4 unreasonable.

5 Straight Path argues that its decision not to defend the validity of the '208 patent reflected
6 "an economic decision to limit further costs."² Opp. at 22. Yet, Straight Path's desire to limit
7 costs for *itself* does not reflect a desire to limit costs for *Apple* and is inconsistent with its attempts
8 to protract the litigation by advancing at least *four* different theories of infringement (two of
9 which were mutually exclusive, *i.e.* based on blocked calls and non-blocked calls) in its effort to
10 maintain infringement without conceding invalidity while eventually defaulting before the PTO.
11 Nor does Straight Path deny or explain why, when questioned on one of those reversals, its
12 infringement expert admitted that Straight Path's counsel asked him to change his opinion and
13 that he could not remember who had initially written that portion of his report. Ex. 8 (Cole Tr.) at
14 81. Straight Path also does not deny that its desire to "limit further costs" to itself did not prevent
15 it from driving up Apple's costs by challenging the authenticity of a declaration signed by a prior
16 art inventor, even though Straight Path had attended a deposition of that same inventor where he
17 provided similar testimony. Opp. at 21-22. Straight Path also does not dispute that it
18 "communicated" its decision not to defend the '208 patent only when the Examiner contacted
19 Straight Path by telephone after its deadline for responding had passed. *Id.* Straight Path's
20 decision to assert a facially invalid patent, to advance ever-changing infringement theories when
21 the evidence was unfavorable, and finally to challenge the authenticity of a declaration rather than
22 defend the '208 patent on the merits is exceptional and supports an award of fees.

23
24 **F. Straight Path's positions on certain issues that were not ruled upon by the
Court were objectively unreasonable in light of facts not in dispute**

25 With respect to the issues of marking, pre-suit notice, and reasonable royalty, Straight
26 Path contends that because this Court has not ruled upon these issues, it cannot possibly evaluate

27
28 ² Straight Path's assertion that it merely "made a decision about the economic viability of
pursuing the '208 patent alone under the new circumstances," Opp. Br. at 21-22, constitutes pure
attorney argument unsupported by a declaration or any other evidence.

1 the reasonableness of Straight Path's litigation position without conducting a mini-trial. Straight
2 Path is mistaken, however, because the evidence upon which these legal issues turn is not in
3 dispute.

4
5 **1. Contrary to Straight Path's interrogatory answers, many licensed
6 products were not marked³**

7 Straight Path accuses Apple of ignoring evidence that it and its predecessor (a related
8 entity called IDT) and their licensees marked their products, but the evidence from its own
9 witnesses paints a very different picture and one that Straight Path cannot dispute. At the very end
10 of discovery, Vandana Koelsch, an attorney who had performed work for predecessor IDT,
11 produced on the morning of her appearance as a Straight Path 30(b)(6) deponent a previously
12 unproduced internal Straight Path document, which stated: "While previous owner (IDT) did
13 mark their product with the accused [sic] patents, subsequent licensees have not marked." Ex. 19
(Koelsch Dep. Exh. 403).

14 Similarly, in its interrogatory responses, Straight Path claimed that its "non-litigation
15 licensees⁴ . . . have marked all VoIP dialers believed to practice the patents-in-suit." Ex. 18
16 (Straight Path's November 14, 2016 Response to Apple's Interrogatory No. 9.) However, when
17 questioned as to whether numerous product licensees had marked, Mr. Jonas, Straight Path's first
18 Rule 30(b)(6) deponent on marking, had no knowledge of whether these products had been
19 marked. *See* Ex. 29 (Jonas Tr.) at 154:11-164:5 (testifying that he had no knowledge of the
20 following licensed dialer products being marked: BlastPhone, CallSpeak, Cell2Fone,
21 Fring2Phone, LongCallz, LowFone, PCTalker, RacerCall, and RazorFone); *see also id.* at Exs.
22 30-41 (screenshots from the aforementioned licensed dialer products). Straight Path now argues
23 that Apple should have identified patent practicing products, citing *Arctic Cat Inc. v. Bombardier*
24

25 ³ Straight Path argues that compliance with the marking statute is not required for claim 3 of the
26 '365 patent because it is a method claim and the only claim asserted in that patent. Opp. at 16-17.
27 Yet Straight Path's damages expert, Mr. Dell, did not apportion pre-suit damages down to this
28 single claim or to any particular claim.

⁴ With respect to its litigation-related licensees, Straight Path admits that only one has marked its
products. Ex. 18 (Straight Path's November 14, 2016 Response to Apple's Interrogatory No. 9)
(explaining "[m]ost of Straight Path's litigation-related licensees have denied that they practice
the Patents-in-Suit.").

1 *Recreational Prod., Inc.*, 876 F.3d 1350 (Fed. Cir. 2017). But, that decision *post*-dates the
2 foregoing discovery and, in any event, makes clear that the burden of pleading and proving
3 marking is on the patentee. Here, Straight Path asserted consistent marking but could not prove it
4 because its own witnesses *contradicted* it.

5
6 **2. The 2007 and 2012 Letters did not provide pre-suit notice of infringement**

7 Straight Path argued that Apple had notice of actual infringement by virtue of letters that
8 its predecessor sent to Apple in 2007 and 2012 and used those letters as the basis for a claim to
9 pre-suit damages. As an initial matter, Straight Path concedes that “the 2007 letters [] preceded
10 Apple’s introduction of Face Time.” Opp. at 19. It follows that the 2007 letters could not have
11 put Apple on notice that FaceTime infringed, and any claim otherwise is manifestly unreasonable.

12 With respect to the 2012 letter, Straight Path now argues that notice of infringement was
13 provided by a “24-page presentation about Straight Path’s patents, and their applicability to
14 Apple.” Opp. at 18. Yet in those 24 pages, FaceTime is mentioned only once and then only as an
15 example of a video conferencing system. Ledahl Decl. Ex. M [Dkt. 221-14] at APL-
16 STR_00057475 (“Google Talk and Apple Face Time are examples of consumer video
17 conferencing systems.”). Moreover, when listing products that Straight Path’s predecessor, ICTI,
18 believed were “related” to the asserted patents, FaceTime was *not* listed. *Id.* at APL-
19 STR_00057476 (“The ICTI portfolio (US 6,108, 704; 6,226,678; 6,513,066; 6,687,738;
20 6,701,365; 6,829,645; 7,149,208) discloses technology that relates to both consumer and
21 enterprise VoIP products, such as: Google Talk, Cisco Jabber, Avaya Aura Presence, Cisco
22 Telepresence, and Cisco ATA.”). Moreover, Straight Path’s CEO, in his capacity as a Rule
23 30(b)(6) witness, categorically denied that the 2012 letter was sent to put Apple on notice that
24 FaceTime infringed:

25 Q Did you authorize Global to send this letter?

26 A On behalf of the company, yes.

27 Q And the date on this letter is September 25, 2012?

28 A Yes.

Q Was this letter intended to put Apple on notice that it was
infringing Straight Path IP Group's patents?

A I do not believe that was the intent of the letter.

1 Ex. 4 (Jonas Tr.) at 246:25-247:11. Indeed, when asked when Apple first received actual notice
2 of infringement, Mr. Jonas conceded that it was in 2014 with the filing of Straight Path's initial
3 complaint:

4 Q So what's the earliest date on which you contend Apple received
notice of its infringement?

5 A I believe that the filing of the lawsuit in the Northern District of
California.

6 Q That's the -- you're referring to the 2014 lawsuit?

A That's right. Correct.

7 *Id.* at 275:20-276:7.

8
9 **G. This Court has discretion to award attorneys' fees in proceedings related to
the 2016 action**

10 Straight Path argues that no fees should be awarded because some of the fees sought were
11 spent on related proceedings, rather than the 2016 lawsuit itself. The Federal Circuit has
12 interpreted attorneys' fees "to include those sums that the prevailing party incurs in the
13 preparation for and performance of legal services related to the suit." *Cent. Soya Co. v. Geo. A.*
14 *Hormel & Co.*, 723 F.2d 1573, 1578 (Fed. Cir. 1983). Courts have interpreted such services to
15 include fees incurred in related proceedings before the PTO. As explained by one court:

16 Here, the legal services counsel performed for defendant during
17 reexamination of the '770 Patent were related to this suit.
18 Reexamination was initiated during and in reaction to plaintiff's
19 action here. Further, the PTO's cancellation of the asserted '770
Patent claims on grounds of invalidity disposed of plaintiff's
complaint here and made defendant the prevailing party.

20 *Deep Sky Software, Inc. v. Sw. Airlines Co.*, No. 10-CV-1234, 2015 WL 10844231, at *2 (S.D.
21 Cal. Aug. 19, 2015) (declining to exclude time entries incurred in related *reexam* proceedings);
22 *see also Munchkin, Inc. v. Luv N' Care, Ltd.*, No. CV 13-06787, 2018 WL 7504404, at *7 (C.D.
23 Cal. Dec. 27, 2018) (explaining that "[b]ut for the filing of the patent infringement claim in this
24 case, [defendant] would not have incurred attorneys' fees and costs for the IPR and Federal
25 Circuit appeal."); *IA Labs CA, LLC v. Nintendo Co.*, No. CV10-833, 2012 WL 1565296, at *4 (D.
26 Md. May 1, 2012), *aff'd*, 515 F. App'x 892 (Fed. Cir. 2013) (awarding attorneys' fees, including
27 "fees incurred as a result of filing a petition for reexamination before the PTO."). Here, it is
28 beyond dispute that the '208 *reexam* preceding (and the appeal, for which Apple does not seek

1 fees) was related to the 2016 action.⁵

2 **III. CONCLUSION**

3 Given the misconduct described above and in Apple's opening brief, Straight Path should
4 be ordered to pay Apple's attorneys' fees and costs for this entire case and the '208 *reexamination*
5 proceeding.

6
7 Dated: May 23, 2019

HOGAN LOVELLS US LLP

8
9 By: /s/ Clayton C. James

10 Clayton C. James
11 Attorneys for Defendant
12 APPLE INC.
13
14
15
16
17
18
19
20
21
22
23
24
25

26 ⁵ Straight Path also argues that expert witness fees are not recoverable under section 285.
27 Opp. at 23. However, they are recoverable under 28 U.S.C. § 1927. *See e.g. Manion v. Am.*
28 *Airlines, Inc.*, 395 F.3d 428, 432 (D.C. Cir. 2004) (affirming award of expert witness fees under
section 1927); *Advantacare Health Partners v. Access IV*, No. C 03-04496, 2004 WL 1837997, at
*10 (N.D. Cal. Aug. 17, 2004) (rejecting argument that Rule 54 precluded sanctions of expert
witness fees under section 1927).